

AMENDED IN ASSEMBLY MAY 12, 1998

CALIFORNIA LEGISLATURE—1997–98 REGULAR SESSION

ASSEMBLY BILL

No. 2270

Introduced by Assembly Member Oller
(Coauthors: Assembly Members Ashburn, Granlund, Leach,
and Woods)
(Coauthor: Senator Costa)

February 19, 1998

An act to ~~amend Section 660~~ *add Chapter 10.1*
(commencing with Section 669.7) to Part 1 of Division 1 of the
Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 2270, as amended, Oller. Automobile insurance:
~~cancellation or failure to renew certain policies.~~

Existing law defines the term “policy,” with respect to the
cancellation or failure to renew certain contracts of
automobile insurance, to mean an automobile liability,
automobile physical damage, or automobile collision policy or
any combination thereof for various specified types of
vehicles, including any 4-wheel motor vehicle with a load
capacity of 1,500 pounds or less.

This bill would ~~change that definition to instead include any~~
~~4-wheel motor vehicle with a load capacity of 3,500 pounds or~~
~~less~~ *authorize an insurer, notwithstanding that definition, to*
deliver or issue an automobile liability, automobile physical
damage, or automobile collision policy in this state insuring a
single individual or individuals residing in the same

household, as named insured, and under which the insured vehicle is a motor vehicle with a load capacity exceeding 1,500 pounds.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

1 ~~SECTION 1. Section 660 of the Insurance Code is~~
2 *SECTION 1. Chapter 10.1 (commencing with*
3 *Section 669.7) is added to Part 1 of Division 1 of the*
4 *Insurance Code, to read:*

5
6 *CHAPTER 10.1. CERTAIN AUTOMOBILE INSURANCE*
7

8 *669.7. Notwithstanding Section 660, an insurer may*
9 *deliver or issue an automobile liability, automobile*
10 *physical damage, or automobile collision policy in this*
11 *state insuring a single individual or individuals residing in*
12 *the same household, as named insured, and under which*
13 *the insured vehicle is a motor vehicle with a load capacity*
14 *exceeding 1,500 pounds.*

15 ~~amended to read:~~

16 ~~660. As used in this chapter:~~

17 ~~(a) "Policy" means an automobile liability, automobile~~
18 ~~physical damage, or automobile collision policy, or any~~
19 ~~combination thereof, delivered or issued for delivery in~~
20 ~~this state, insuring a single individual or individuals~~
21 ~~residing in the same household, as named insured, and~~
22 ~~under which the insured vehicles therein designated are~~
23 ~~of one of the following types only:~~

24 ~~(1) A motor vehicle of the private passenger or station~~
25 ~~wagon type that is not used as a public or livery~~
26 ~~conveyance for passengers, nor rented to others.~~

27 ~~(2) Any other four-wheel motor vehicle with a load~~
28 ~~capacity of 3,500 pounds or less. However, this chapter~~
29 ~~shall not apply (A) to any policy issued under an~~
30 ~~automobile assigned risk plan, (B) to any policy insuring~~
31 ~~more than four automobiles, or (C) to any policy covering~~

garage, automobile sales agency, repair shop, service station, or public parking place operation hazards.

(3) A motorcycle.

(b) "Automobile liability coverage" includes only coverage of bodily injury and property damage liability, medical payments, and uninsured motorists coverage.

(c) "Automobile physical damage coverage" includes all coverage of loss or damage to an automobile insured under the policy except loss or damage resulting from collision or upset.

(d) "Automobile collision coverage" includes all coverage of loss or damage to an automobile insured under the policy resulting from collision or upset.

(e) "Renewal" or "to renew" means to continue coverage with either the insurer which issued the policy or an affiliated insurer, as defined in Section 1215, for an additional policy period upon expiration of the current policy period of a policy, provided that if coverage is continued with an affiliated insurer, it shall be the same or broader coverage as provided by the present insurer, and the insured shall be notified in writing at least 20 days prior to expiration of the current policy period of all of the following:

(1) That the insurer has determined that it will not offer renewal of the policy with the present insurer.

(2) That it is offering replacement in an affiliated insurer.

(3) That the insured may obtain in writing the reasons for the change in insurers if he or she requests in writing not later than one month following the expiration of the policy period the reason or reasons for the change in insurers.

Any policy with a policy period or term of six months or less, whether or not made continuous for successive terms upon the payment of additional premiums, shall for the purpose of this chapter be considered as if written for a policy period or term of six months. Any policy written for a term longer than one year, or any policy with no fixed expiration date, shall for the purpose of this chapter,

1 ~~be considered as if written for successive policy periods~~
2 ~~or terms of one year.~~

3 ~~(f) “Nonpayment of premium” means failure of the~~
4 ~~named insured to discharge when due any of his or her~~
5 ~~obligations in connection with the payment of premiums~~
6 ~~on a policy, or any installment of that premium, whether~~
7 ~~the premium is payable directly to the insurer or its agent~~
8 ~~or indirectly under any premium finance plan or~~
9 ~~extension of credit.~~

10 ~~(g) “Cancellation” means termination of coverage by~~
11 ~~an insurer (other than termination at the request of the~~
12 ~~insured) during a policy period.~~

13 ~~(h) “Nonrenewal” means a notice by the insurer to the~~
14 ~~named insured that the insurer is unwilling to renew a~~
15 ~~policy.~~

16 ~~(i) “Expiration” means termination of coverage by~~
17 ~~reason of the policy having reached the end of the term~~
18 ~~for which it was issued or the end of the period for which~~
19 ~~a premium has been paid.~~

